

PIEDMONT NATURAL GAS – ISSUES AND EXPERIENCE WITH CONSERVATION AND EFFICIENCY MEASURES

August 16, 2007

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Overview

- I. Piedmont's Position on Conservation and Efficiency.
- II. Obstacles to LDC Promotion of Conservation and Efficiency.
- III. Funding of Conservation and Efficiency.
- IV. Piedmont's Experience.
- V. Lessons Learned.

Piedmont's Position

- Close Correlation Between Supply and Demand for Natural Gas
- Increased Use of Natural Gas For Electric Generation – Interim Fuel/Clean-Burning
- High Prices and High Volatility
- Conservation/Efficiency = ↓ Pressure on Demand = ↓ Pressure on Prices
- **Piedmont Strongly Supports Conservation and Efficiency Measures**

Obstacles to LDC Promotion of Conservation and Efficiency Measures

- Piedmont's Costs are Fixed in Nature
- Volumetric Rates Means Costs Recovered Based on Usage
- Lower Usage = Lower Margin
- Problem: Conservation is Contrary to the Economic Interests of LDCs/Shareholders
- Answer: Eliminate Economic Disincentive to Promote Conservation

How to Fund Conservation and Efficiency Programs

- Shareholder/Ratepayers
- Statutory Authorization Issues
- Discrimination
- Public Policy

Piedmont's Experience

- Low Income Weatherization
- Non-Profit Weatherization
- Communications
- Weatherization Loans/Rebates
- Contractor Certification

Lessons Learned

- No Data on Relative Effectiveness of Programs
- Need to Identify Goals of Programs
- Leverage Existing Assets
- Rational Incentives (total fuel cycle)
- Fuel Neutral
- Centralized Management

Questions?